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Honorable Christopher M. Alston
Chapter 11

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6
7 UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF WASHINGTON
8 AT SEATTLE

9 In re:

Case No. 16-11767-CMA

10 NORTHWEST TERRITORIAL MINT, LLC,
11 Debtor.

DECLARATION OF MARK CALVERT IN
SUPPORT OF MOTION FOR ORDER
GRANTING AUTHORITY TO INCUR
12 CREDIT; APPROVING BID PROCEDURES;
AND APPROVING BREAKUP FEE

13
14 I, Mark Calvert, declare as follows:

15 1. I am the chapter 11 Trustee of Northwest Territorial Mint, LLC ("NWTM" or
16 "Debtor") pursuant to the Court's order of appointment dated April 11, 2016. I am over eighteen
17 (18) years of age and I am competent in all ways to testify. Unless otherwise stated, I make the
18 following statements based on my personal knowledge. I submit this Declaration in support of my
19 Motion for Order Granting Authority to Incur Credit; Approving Bid Procedures; and Approving
20 Breakup Fee (the "Motion").

21 2. Since May, 2017, I have explored the option of selling the entire business as a going
22 concern. I initiated a marketing process for the sale of the business. I entertained expressions of
23 interest from multiple parties, including offers to purchase the assets of the estate. None of the offers
24 I received were sufficiently concrete or for sufficient value that they could be proposed to the Court
25 for approval as none of the offers provided any meaningful return to creditors.

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DECLARATION OF MARK CALVERT IN SUPPORT OF
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INCUR CREDIT, APPROVING BID PROCEDURES, AND
APPROVING BREAKUP FEE- 1
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1 3. Because no concrete offer materialized, and because of the inadequate cash resources
2 available to me, I was forced to close the custom minting business on December 29, 2017. I have
3 continued to complete certain profitable work in progress after closing the custom minting
4 operations with a skeleton crew that remains employed in connection with the wind down and
5 liquidation efforts of the estate. I have continued to communicate with potential buyers of the
6 Debtor's assets in an attempt to sell them on a liquidation basis, but as of the middle of January,
7 2018, I had no concrete sales agreements in place. Accordingly, I moved for approval by the Court
8 for the authority to sell the Debtor's assets at an auction conducted by James G. Murphy Company.
9 A hearing on that motion is presently scheduled for February 9, 2018.

10 4. While I prepared to sell the Debtor's equipment at auction, I continued to engage in
11 negotiations with multiple buyers for the Debtor's assets, including the equipment. As a result, I
12 reached agreements on the form on purchase agreements with two separate buyers for the sale of
13 certain assets of the Debtor. I have determined that the sale of these assets, with the two buyers
14 serving as stalking horse bidders, is in the best interests of the estate.

15 5. I negotiated a Purchase Agreement dated February 8, 2018 (the "Industrial APA")
16 with Industrial Asset Corp. d/b/a Bidity Auctions Worldwide and Maynards Industries USA, LLC
17 (collectively, "Industrial Assets"), for the sale of substantially all of the Debtor's machinery and
18 equipment located at the Debtor's Dayton, Nevada, and Green Bay, Wisconsin, facilities. A copy of
19 the Industrial APA is attached hereto as Exhibit A, and includes a detailed list of the equipment to be
20 purchased thereunder. The purchase price under the agreement is \$1,950,000. Industrial Assets has
21 agreed to provide an earnest money deposit in the amount of \$195,000 (the "Earnest Money"),
22 which shall be immediately available to the Debtor upon approval by this Court. In addition, the
23 agreement is subject to entry of an order approving bidding procedures, whereby Industrial Assets is
24 used as a "stalking horse" bidder.

25 6. The agreement with Industrial Assets also requires that the Court approve a breakup
26 fee equal to the sum of \$58,500 (3% of the purchase price to be paid to Industrial Assets) if the

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1 Court approves a competing transaction for the Debtor's equipment to be sold under the Industrial
2 APA. The agreement requires that a qualified bidder entitled to bid on the assets being purchased by
3 Industrial Assets must provide an earnest money deposit equal to 10% of their bid, and submit a bid
4 of no less than \$2,033,500 (which is comprised of Industrial Assets' bid amount, plus \$58,500 for a
5 breakup fee, plus an initial overbid increment of \$25,000).

6 7. Separately, I have entered into a purchase agreement with Medalcraft Mint, Inc.
7 ("Medalcraft"), for assets not subject to the agreement with Industrial Assets (the "Medalcraft
8 APA"). The Medalcraft APA, a copy of which is attached hereto as Exhibit B, provides that
9 Medalcraft will purchase, among other things, the Medallic Art name and website; marketing
10 materials; archives; customer list, sales history, and vendor list; certain company owned dies
11 associated with any customer for which there has been a sale in the last 20 years; tools; and
12 woodworking equipment. The Medalcraft APA also provides that Medalcraft will purchase three
13 pieces of specifically identified equipment. The Medalcraft APA provides for a purchase price of
14 \$700,000. Medalcraft is providing a nonrefundable earnest money deposit in the amount of \$100,000
15 in connection with the sale.

16 8. I intend to move for approval of each of the sales described above, with Industrial
17 Assets and Medalcraft serving as stalking horse bidders. Should qualified competing bids be
18 received in advance of the hearing on the Sales Motions, I would intend to hold an auction for the
19 Debtor's assets for which a competing bid has been received. To that end, I have requested in the
20 Motion that the Court approve certain bidding procedures in connection with the sales. I believe that
21 the bid procedures set forth in the Motion are reasonable, and will provide the appropriate
22 framework for expeditiously receiving the best and highest offer for the estate's assets.

23 9. It is necessary for me to immediately use the Earnest Money in order to pay current
24 expenses of the estate necessary to my liquidation efforts, including rent obligations owed Robert
25 and Connie Hoff, the landlord for the Dayton, Nevada facility, rent owed to the Wisconsin landlord,
26 utilities, compensation for the skeleton staff remaining employed, and other expenses as more fully

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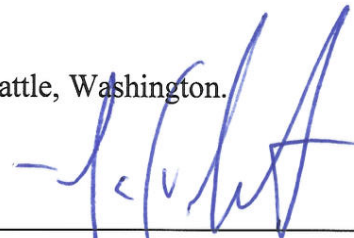
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1 detailed in the cash collateral budget filed with the Court. I therefore request that I be authorized to
2 incur credit in the form of the Earnest Money pending the Court's authorization of the sale to
3 Industrial Assets or such other bidder as may come forward for those assets. Industrial Assets has
4 agreed to my use of the Earnest Money pending the Court's approval of the sale so long as Industrial
5 Assets is afforded a priority administrative expense claim under Section 364(c)(1) for its rights to
6 reimbursement of the Earnest Money in the event that it is not the successful purchaser of the assets
7 described in the Industrial APA. I am unable to obtain credit on any other basis than the advance of
8 the Earnest Money.

9 10. For all of the foregoing reasons, I believe that the relief I request in connection with
10 the Motion is in the best interests of the estate. I respectfully request that the Court approve the
11 Motion.

12 I declare under the penalty of perjury under the laws of the United States that the foregoing is
13 true and correct to the best of my knowledge.

14 EXECUTED this 8th day of February, at Seattle, Washington.



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17 Mark Calvert

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CERTIFICATE OF SERVICE

The undersigned declares as follows:

That she is a Paralegal in the law firm of K&L Gates LLP, and on February 8, 2018, she caused the foregoing document to be filed electronically through the CM/ECF system which caused Registered Participants to be served by electronic means, as fully reflected on the Notice of Electronic Filing.

Also on February 8, 2018, she caused the foregoing document to be deposited in the U.S. mail to the Party at the address listed below:

Northwest Territorial Mint LLC
c/o Ross Hansen, Member
P.O. Box 2148
Auburn, WA 98071-2148

I declare under penalty of perjury under the laws of the State of Washington and the United States that the foregoing is true and correct.

Executed on the 8th day of February, 2018 at Seattle, Washington.

/s/ Denise A. Lentz
Denise A. Lentz

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